













| UNC Request | | At what stage is this document in the process? |
|---|---|--|
| <h1>UNC 0676R:</h1> <h2>Review of Gas Transporter Joint Office Arrangements</h2> | | <div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div> |
| <p>Purpose of Request:</p> <p>To request a review of the Uniform Network Code (UNC) General, Modification Rules and Joint Gas Transporter Governance arrangements for the Joint Office of Gas Transporters</p> | | |
|  | <p>The Proposer recommends that this request should be assessed by a Workgroup</p> <p>This Request will be presented by the Proposer to the Panel on 17 January 2019</p> | |
|  | <p>High Impact:</p> <p>Transporters</p> | |
|  | <p>Medium Impact:</p> <p>Shippers</p> | |
|  | <p>Low Impact:</p> <p>None</p> | |

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| About this document: | |
| <p>This document is a Request, which will be presented by the Proposer to the Panel on 17 January 2019.</p> <p>The Panel will consider the Proposer's recommendation, and agree whether this Request should be referred to a Workgroup for review.</p> | |
| |  Any questions? |
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1 Request

Why is the Request being made?

The current Joint Gas Transporter arrangements for the Joint Office of Gas Transporters (Joint Office) have been in place for some time and considering the recent fundamental market changes including but not limited to: -

1. The review of the Central Data Service Provider (Xoserve) Funding Governance & Ownership (FGO)
2. Smart and Advanced meter rollouts
3. Project Nexus
4. Faster and More Reliable Switching
5. Retail Energy Code (REC)
6. Supplier Hub

It would seem prudent to review the current Joint Office arrangements to ensure they remain fit for purpose.

The Joint Office which has been operating for a number of years and during that time the market has fundamentally changed, the Proposer believes it is prudent to undertake a review of the current arrangements to ensure they continue to be fit for purpose in this changing market.

If a review is not undertaken then the Joint Office may not be best placed to meet the requirements of all its customers.

Scope

The Scope of the review should include but not be limited to:

1. Joint Gas Transporter Arrangements for the Joint Office;
2. UNC Modification Rules;
3. Wider UNC should the review warrant further consideration;
3. Data Services Contract (DSC) Arrangements.

Resourcing

Undertaking a detailed review of the arrangements may necessitate the engagement of external independent support perhaps akin to the approach taken with the Funding, Governance & Oversight (FGO) review of Xoserve.

Impacts & Costs

Review of Transporter and wider industry funding models for governance arrangements.

Recommendations

Panel is requested to put in place a review of the current arrangements to ensure they continue to remain fit for purpose during the ongoing period of significant industry change.

2 Impacts and Costs

Consideration of Wider Industry Impacts

The Request might have an impact on the developments being considered for the Retail Energy Code (REC).

This Request should consider any potential Cross Code impacts and in particular, Independent Gas Transporter (IGT) UNC governance.

Whilst being undertaken at a more strategic level it should be mindful of the joint BEIS/Ofgem Industry Code review.

Impacts

| Impact on Central Systems and Process | |
|---------------------------------------|---|
| Central System/Process | Potential impact |
| UK Link | <ul style="list-style-type: none"> None identified |
| Operational Processes | <ul style="list-style-type: none"> None identified |

| Impact on Users | |
|---|--|
| Area of Users' business | Potential impact |
| Administrative and operational | <ul style="list-style-type: none"> Improved arrangements will deliver both Administrative and operational benefits to Users |
| Development, capital and operating costs | <ul style="list-style-type: none"> Marginal - there might be an impact should the funding and resourcing model change. |
| Contractual risks | <ul style="list-style-type: none"> None identified |
| Legislative, regulatory and contractual obligations and relationships | <ul style="list-style-type: none"> Improved arrangements will deliver both Administrative and operational benefits to Users |

| Impact on Transporters | |
|---|---|
| Area of Transporters' business | Potential impact |
| System operation | <ul style="list-style-type: none"> None identified. |
| Development, capital and operating costs | <ul style="list-style-type: none"> Marginal - there might be an impact should the funding and resourcing model change. |
| Recovery of costs | <ul style="list-style-type: none"> Marginal - there might be an impact should the funding and resourcing model change. |
| Price regulation | <ul style="list-style-type: none"> None identified. |
| Contractual risks | <ul style="list-style-type: none"> Marginal - there might be an impact should the funding and resourcing model change. |
| Legislative, regulatory and contractual obligations and relationships | <ul style="list-style-type: none"> Marginal - there might be an impact should the funding and resourcing model change. |

| Impact on Transporters | |
|------------------------|--|
| Standards of service | <ul style="list-style-type: none"> None identified. |

| Impact on Code Administration | |
|-------------------------------|---|
| Area of Code Administration | Potential impact |
| Modification Rules | <ul style="list-style-type: none"> Material impact |
| UNC Committees | <ul style="list-style-type: none"> Minor impact |
| General administration | <ul style="list-style-type: none"> Material impact |
| DSC Committees | <ul style="list-style-type: none"> Minor impact |

| Impact on Code | |
|----------------|---|
| Code section | Potential impact |
| | <ul style="list-style-type: none"> To be considered. |

| Impact on UNC Related Documents and Other Referenced Documents | |
|--|---|
| Related Document | Potential impact |
| Network Entry Agreement (TPD I1.3) | <ul style="list-style-type: none"> None identified. |
| General | Potential Impact |
| Legal Text Guidance Document | <ul style="list-style-type: none"> Potential Impact. |
| UNC Modification Proposals – Guidance for Proposers | <ul style="list-style-type: none"> Minor impact. |
| Self Governance Guidance | <ul style="list-style-type: none"> Minor impact. |
| | |
| TPD | Potential Impact |
| Network Code Operations Reporting Manual (TPD V12) | <ul style="list-style-type: none"> None identified. |
| UNC Data Dictionary | <ul style="list-style-type: none"> None identified. |
| AQ Validation Rules (TPD V12) | <ul style="list-style-type: none"> None identified. |
| AUGE Framework Document | <ul style="list-style-type: none"> None identified. |
| Customer Settlement Error Claims Process | <ul style="list-style-type: none"> None identified. |
| Demand Estimation Methodology | <ul style="list-style-type: none"> None identified. |
| Energy Balancing Credit Rules (TPD X2.1) | <ul style="list-style-type: none"> None identified. |
| Energy Settlement Performance Assurance | <ul style="list-style-type: none"> None identified. |

| Impact on UNC Related Documents and Other Referenced Documents | |
|---|---|
| Regime | |
| Guidelines to optimise the use of AQ amendment system capacity | <ul style="list-style-type: none"> None identified. |
| Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points) | <ul style="list-style-type: none"> None identified. |
| LDZ Shrinkage Adjustment Methodology | <ul style="list-style-type: none"> None identified. |
| Performance Assurance Report Register | <ul style="list-style-type: none"> None identified. |
| Shares Supply Meter Points Guide and Procedures | <ul style="list-style-type: none"> None identified. |
| Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency | <ul style="list-style-type: none"> None identified. |
| Standards of Service Query Management Operational Guidelines | <ul style="list-style-type: none"> None identified. |
| Network Code Validation Rules | <ul style="list-style-type: none"> None identified. |
| | <ul style="list-style-type: none"> |
| OAD | Potential Impact |
| Measurement Error Notification Guidelines (TPD V12) | <ul style="list-style-type: none"> None identified. |
| | <ul style="list-style-type: none"> |
| EID | Potential Impact |
| Moffat Designated Arrangements | <ul style="list-style-type: none"> None identified. |
| | <ul style="list-style-type: none"> |
| IGTAD | Potential Impact |
| | <ul style="list-style-type: none"> To be considered. |
| DSC / CDSP | Potential Impact |
| Change Management Procedures | <ul style="list-style-type: none"> To be considered. |
| Contract Management Procedures | <ul style="list-style-type: none"> To be considered. |
| Credit Policy | <ul style="list-style-type: none"> To be considered. |
| Credit Rules | <ul style="list-style-type: none"> To be considered. |
| UK Link Manual | <ul style="list-style-type: none"> To be considered. |
| | <ul style="list-style-type: none"> |

| Impact on Core Industry Documents and other documents | |
|---|---|
| Document | Potential impact |
| Safety Case or other document under Gas Safety (Management) Regulations | <ul style="list-style-type: none"> None identified. |
| Gas Transporter Licence | <ul style="list-style-type: none"> Potential minor impact, subject to the wider scope of the review. |

| Other Impacts | |
|--|---|
| Item impacted | Potential impact |
| Security of Supply | <ul style="list-style-type: none"> None identified. |
| Operation of the Total System | <ul style="list-style-type: none"> None identified. |
| Industry fragmentation | <ul style="list-style-type: none"> None identified. |
| Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties | <ul style="list-style-type: none"> Potential minor impact. |

3 Terms of Reference

Background

The current Joint Gas Transporter Arrangements for the Joint Office have been in place for some time and considering the recent fundamental market changes, including but not limited to: -

1. The review of the Central Data Service Provider (Xoserve) Funding Governance & Ownership (FGO)
2. Smart and Advanced meter rollouts
3. Project Nexus
4. Faster and More Reliable Switching
5. Retail Energy Code (REC)
6. Supplier Hub
7. Energy Code Review
8. Joint BEIS/Ofgem review of Industry Governance

It would seem prudent to review the current Joint Office Arrangements to ensure they remain fit for purpose.

The industry has over the years made a number of incremental changes to the arrangements e.g. introduction of guidelines for the production of Legal Text. However, the current arrangements that

determine the Funding, Governance and Ownership (FGO) of the Joint Office limit the ability of the Joint Office to evolve to meet the challenges of a market subject to fundamental changes.

The Proposer has raised a number of areas for potential reform through the existing Governance process and these were directed to the Gas Transporters Joint Governance Arrangements Committee (JGAC) as the forum responsible for the Joint Office.

These included: -

1. Joint industry Ownership of the Joint Office e.g. limited company with Board
2. Open Procurement of Joint Office arrangements e.g. services
3. Funding model for Joint Office i.e. who pays for what
4. Amendment to the voting arrangements e.g. automatic abstention from voting where there is no direct constituency interest in the matter, and
5. Legal Text production e.g. centralised production of Legal Text

On 9th December 2018, an email setting out the JGAC's comments on the proposals was sent to the Proposer. The JGAC saw merit in considering the points raised and felt that this would be better dealt with via the formation of a UNC Code Review Group. The JGAC also noted:

"Further, JGAC is also looking forward to contributing to the Joint BEIS/Ofgem Energy Code Review which was announced on the 26th November 2018. JGAC and the Joint Office will be fully participating in the Review and we look forward to the forthcoming workshops and discussions. If a Request were to be raised under the present Modification Rules procedures, we believe that the discussions involved could then input into the Joint BEIS/Ofgem Energy Code Review"

Accordingly, this Request seeks to provide that forum to enable such discussions to take place. This forum should take into account other governance models, especially the Retail Energy Code (REC), which is designed to introduce best practice.

Topics for Discussion

- Understanding the objective, including consideration and review of:
 - Joint Gas Transporter Governance Arrangements;
 - Current funding models;
 - Transporter Licence requirements;
 - UNC impacts;
 - DSC Impacts;
 - Potential impacts on IGT UNC.
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of Legal Text.

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification(s) where appropriate.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

4 Recommendations

Proposer's Recommendation to Panel

The Proposer invites the Panel to:

- DETERMINE that Request 0676R progress to Workgroup for review with a report presented by June 2019 Panel.